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Attorney Docket No. 03-1129

Appl. Ser. No. 10/658,159
Response faxed February 20, 2007
Reply to Office Action mailed November 29, 2006

REMARKS

Claims 1-17 have been cancelled. Original claims 18-22 have been amended. New claims 23-39 have been added. Claims 18-39 are pending.

In the office action, all pending claims (except for claim 12) were rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent No. 5,120,939 to Claus *et al.* As applied to canceled claims 1-17, this ground of rejection is moot. As applied to claims 18-39, the Applicant traverses this ground of rejection for the following reasons.

New independent claim 23 recites "a first code-determinative device that decrypts the encrypted operational code in response to receipt of the first decryption key" (emphasis added). Amended independent claim 18 recites "determining at least one decryption key in a first device in response to at least one seed contained within a second device" (emphasis added). Amended independent claim 22 recites "said at least one smart device decrypting said encrypted code in response to said at least one decryption key to generate a decrypted code" (emphasis added). Thus all of the pending independent claims require decryption.

In contrast, the Claus patent explicitly states: "The present invention does not require decryption, but rather relies on a comparison between two encrypted signals." [see Claus, col. 6, ll. 34-36.] Accordingly, none of independent claims 18, 22 and 23, which each require decryption, is anticipated by Claus. The Applicant respectfully requests that the anticipation rejection be withdrawn.

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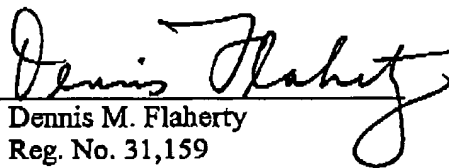
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In view of the foregoing, Applicant submits that this application is now in condition for allowance. Reconsideration and allowance of claims 18-39 are hereby requested.

Respectfully submitted,

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Date



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